



*MBNA America Bank, N.A.
1100 North King Street
Wilmington, Delaware 19884-0127*

September 27, 2004

Jennifer J. Johnson
Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. OP-1209 (Prompt Investigation of Disputed Consumer Information)

Dear Ms. Johnson:

This letter is submitted on behalf of MBNA America Bank, N.A. ("MBNA") in response to the Board's notice and request for public comment on the above-referenced study.

MBNA is a member of the Coalition to Implement the FACT Act (the "Coalition"), which has submitted a comment letter to the Board on this matter (attached). MBNA endorses the Coalition's comments.

If you have any questions concerning these comments, or if we may otherwise be of assistance in connection with this matter, please do not hesitate to contact the undersigned.

Sincerely,

MBNA America Bank, N.A.

By /s/ Joseph R. Crouse
Joseph R. Crouse
Legislative Counsel
(302) 432-0716

September 17, 2004

Jennifer J. Johnson, Secretary
Board of Governors Of The Federal Reserve System
20th Street & Constitution Ave., N.W.
Washington, D.C. 20551

Re: Docket No. OP-1209 (Prompt Investigation Of Disputed Consumer Information)

Dear Sir or Madam:

This comment letter is submitted on behalf of the Coalition to Implement the FACT Act (“Coalition”) in response to the Board of Governors request for public comments on the above-referenced study. Coalition members represent a broad cross-section of financial services companies and associations and are among the nation’s leading providers of credit and insurance. Each of the Coalition’s members, or their affiliates, are active participants in the credit reporting system as furnishers and/or users of consumer credit information; and, each has experience in the consumer information dispute investigation and resolution process. The Coalition appreciates the opportunity to provide its comments on the “prompt investigation” study.

Executive Summary

(I) The Current Dispute Resolution System Is Generally Working Well: Members of the Coalition believe that the current system for promptly investigating and resolving consumer disputes pursuant to FCRA requirements, is working well. For example,

- With respect to the majority of disputes - disputes sent to furnishers through consumer reporting agencies (80% or more of all disputes) - information provided by the CRAs is generally sufficient for the furnisher to readily identify the data being disputed and to quickly conduct a thorough, timely and cost-efficient investigation of the alleged inaccuracies. By contrast, in the relatively small number of dispute cases where disputes are brought directly to furnishers by consumers (about 10 - 15% of all disputes) - information is often insufficient for investigative purposes and the furnisher is required to spend extra time and effort to bring the dispute to a proper conclusion. As discussed below, the disputes transmitted by CRAs to furnishers virtually always contain sufficient information to handle the matter;
- The vast majority of furnishers (including all Coalition members) have systems in place to monitor their own compliance with FCRA dispute resolution requirements. With few exceptions, furnishers of credit information are able to investigate and resolve claims of erroneous or incomplete credit report information, in a highly

effective manner and within the time-lines and other requirements of the FCRA's dispute resolution provisions;

- Some Coalition members advise that only about 20% of all consumers initiating a dispute, disagree with the investigative result, even when it confirms the accuracy of the negative information.

Additional details about the functioning of the current dispute resolution system can be found in the Coalition's responses - found below - to the questions asked of credit information furnishers by the Federal Reserve's Board of Governors.

(II) A Few Improvements Would Make A Very Good Dispute Resolution System Even Better: Coalition members have explained that in the vast majority of disputes submitted to consumer reporting agencies by consumers, there is no additional supporting detail and thus, for example, a dispute of an item of information may simply be that it is inaccurate, thus requiring the use of a more general code to describe the nature of the dispute. Further we understand that credit repair agencies submit disputes that are purposefully vague with the intention to have accurate, predictive derogatory information deleted from a consumer's file. With this context in mind, a number of Coalition members believe that with a few improvements, an effective dispute resolution system could be made even better. For example, the Coalition believes that with regard to the "Dispute Codes" used by consumer reporting agencies (CRAs) to identify the information being disputed, furnishers and CRAs could jointly develop changes that would permit furnishers to investigate claimed inaccuracies in a more timely and cost-effective manner, as follows:

First, in cases where the consumer provides clear information in sufficient detail (many disputes submitted in writing are vague) by defining certain Disputes Codes with greater precision. We believe that several of the Dispute Codes employed to classify consumer disputes should, under the above specific circumstances, be more precise as identifiers of the information being disputed. A significant volume of current disputes are classified in generic or "catch-all" categories, such as "Other" and "Consumer complains data inaccurate; no specific dispute." Such codes, (which some Coalition members say constitute 30-40% of all disputes) make investigations time-consuming and costly. While many of the dispute codes used by the CRAs do provide effective guidance for furnisher investigations, we believe that it is worth the effort to try and reduce the number of these non-specific Code categories; and,

Second, by the adoption of a more consistent and uniform classification or interpretation of the Codes. Dispute Codes that have consistent meanings would allow furnishers to determine more easily the type of dispute at issue; and would result in a faster resolution of a consumer's concerns.

The Coalition believes that its recommended changes in the Dispute Code system can be effectively achieved through the voluntary development, by furnishers and CRAs, of industry best practices; and, we strongly endorse the ongoing efforts of these groups to reach a consensus on how to improve the current system. Under this system, furnishers spend too much of their

time trying to identify the precise content of the disputed information. If the precision of the Codes and the consistency of their interpretation by the CRAs were to be improved, information furnishers would be able to better identify disputes.

Coalition Responses To Federal Reserve Questions About The Dispute Resolution Process

What Percentage Of Disputes Come From CRAs, From Consumers Directly, From Other Sources (e.g. Consumer Repair Clinics): The percentages reported by Coalition members average from about 85% - 90% for disputes from the CRAs and 10-15% directly from consumers. A few Coalition members reported a relatively small percentage of disputes came from credit repair clinics. One of these reported 70% from CRAs; 20% direct from consumers; and 10% from Repair Clinics). Large volume credit grantors appear to receive more disputes from credit repair entities than grantors who do fewer extensions of credit. But, even for the large volume credit grantors, the percentage of repair clinic generated disputes appears to be quite small. Under current law, furnishers are currently not required to engage in direct reinvestigation of consumer disputes (although virtually all do as an accommodation to their customers) and credit repair clinics are well aware of this, so they do not flood furnishers with spurious reinvestigation requests which is their current practice with CRAs. This is an important point in discussing possible new reinvestigation duties for furnishers.

Does The Furnisher Provide An Address For Consumers To Use If They Want To Dispute Directly: The overwhelming majority of Coalition members who responded to this question answered that they do provide an address and other information sufficient for the consumer to initiate a dispute directly with the furnisher. Fourteen out of 16 community banks indicated that they do so.

When A Consumer Disputes Information Directly With The Furnisher, Is The Information Provided by the Consumer Sufficient To Permit A Proper Investigation: Responses from several Coalition members who responded to this question indicate that disputes received directly from consumers often lack clarity as to the precise information disputed; and fail to provide information sufficient to justify the dispute and this can also be true for disputes submitted to consumer reporting agencies, as well. As a consequence, whether a vague dispute is submitted through a consumer reporting agency or directly by a consumer, the time and effort required of the furnisher to investigate the dispute is considerable. One Coalition member stated that 30% of all direct consumer disputes fall in this category. Another major credit grantor reported that 40% of disputes received directly from consumers contained insufficient information for an investigation to occur. The type of information that is typically missing from consumers who directly dispute information with furnishers includes; the consumer's account number, social security number, date of birth and address. When relevant information necessary for investigating the dispute is missing, the furnisher sends a letter to its customer requesting the

necessary additional information.

When A Consumer Dispute Comes To A Furnisher Through A Credit Bureau, Is The Information Provided Sufficient To Permit A Proper Investigation:

All Coalition members who responded to this question stated that the CRA's information is almost always sufficient for the furnisher to conduct an investigation (notwithstanding that some improvements are necessary with respect to the imprecision of some of the Dispute Codes). In its responses to this question from 15 community banks, all 15 reported that the information from the credit bureaus was sufficient for an investigation.

This response highlights the benefits of the current centralized reinvestigation process. As noted at the outset, the system works extremely well. To the extent that problems have occurred, they almost entirely relate to cases of identity theft. The FACT Act contains a of key provisions to deal with problems relating to identity theft, notably the trade line blocking provisions and new duties for data furnishers to accept identity theft reports directly from victims and comply with requests by victims to stop reporting information to consumer reporting agencies which is a result of fraud. The FACT Act needs to be fully implemented before it is possible to determine whether there are any remaining reinvestigation issues. This is an issue that the Coalition has spent a great deal of time studying and feels it is suitable to reserve detailed comment on until the appropriate point in the rulemaking process.

How Do Furnishers Ensure That They Comply With Applicable Statutory Requirements Regarding The Accuracy and Completeness of Information They Provide To CRAs:

All Coalition members responding to this question stated that they have various systems in place to ensure the accuracy of information they provide to CRAs. Many of the Coalition furnishers audit their own credit lines at the major credit bureaus to ensure that the information they provided to the CRAs was properly recorded. One Coalition member reported that the information provided the CRA is accurately recorded more than 99.7% of the time. Additionally, Coalition members have written policies and procedures in place to comply with FCRA dispute resolution requirements; and that they have a variety of audit or other internal reviews to ensure compliance with those requirements. Coalition members expressed the view that they were highly successful at meeting these requirements.

What Are the Furnishers Procedures and Timelines For Reporting Information That Has Been Disputed By A Consumer:

On average, Coalition furnishers investigate and respond to disputes within 5 - 10 business days. In some cases, turn-around times are just a few business days. When information about a dispute lacks sufficient data, a response sometimes takes longer. However, Coalition members advise that the FCRA's 30 day response time requirement is met 100% of the time for those using the e-Oscar system. Furnishers respond to the dispute through the e-Oscar system. If the disputed information, after investigation, requires correction that information is sent immediately to the CRAs.

Attached to this comment letter are the collective responses of a number of community banks across the country - including responses to many of the technical questions you have asked about the operation of the dispute resolution process. We are continuing to obtain data from coalition members and will provide that as a supplement to this comment when it becomes available. We hope the Coalition's comments and the attached material will be helpful to the Federal Reserve Board and the Federal Trade Commission in their study of this important issue. Furnishers of consumer credit information have a significant interest in resolving consumer disputes in the most accurate, timely and efficient way possible to improve service to their customers, to ensure the integrity of the credit reporting system on which they depend and to minimize the costs involved in investigating disputes.

Sincerely,

Jeff Tassey
Executive Director

FACT Act Study - Investigations of Disputed Information

Informal Survey of approximately 20 Community Bankers

1. Does your bank regularly furnish information to a credit bureau?

YES - 16

NO - 1

If yes, briefly describe how the information is furnished.

- ❖ Core Processing system produces files that are transmitted to the various repositories via diskette.
- ❖ Info is forwarded by our data processor
- ❖ File transfer to Equifax
- ❖ Emailed → Experian, Mail Floppy → Trans Union
- ❖ By tape at month End
- ❖ Monthly by magnetic tape
- ❖ Internet delivery
- ❖ Electronic submission
- ❖ Information is furnished on a monthly basis.
- ❖ Consumer Dispute Verification forms are done by mail.
- ❖ Sent electronically through Internet sites
- ❖ Upload Memo II format – an ASCII fixed format file with data on all loans.
- ❖ Automated. Reported monthly
- ❖ Monthly computer tape

a. Does the bank use a service bureau?

YES - 5

NO - 9

If yes, please briefly describe the procedures.

- ❖ All customers' accounts are set up under First Data Resources system which electronically reports every month to all 3 bureaus
- ❖ Info is forwarded by our data processor
- ❖ Jack Henry & Assoc. service bureau provides the information to Experian on our behalf.
- ❖ We outsource the procedure through our data processor
- ❖ Monthly automatic update to all credit bureaus

NO

- ❖ We send data file via Internet

b. Does the bank furnish all information (both positive and negative) about consumers?

YES - 16

NO

Please explain.

- ❖ As secondary market servicer we are required to provide a full credit history of all customers.
- ❖ All credit history is reported on all customers
- ❖ Complete loan history disclosed monthly - major derogatory reported by form and faxed
- ❖ Both positive & negative information is furnished on a monthly basis
- ❖ The Bank indicates if loans are paid in full or if there is a balance, and whether they are 30, 60, or 90 days late
- ❖ All information is sent to credit bureau
- ❖ We furnish information to credit bureaus which reflects actual payment history of all loan customers

c. Does the bank furnish information on all loan customers?

YES - 5

NO - 11

Please explain.

- ❖ We do not report commercial loans. We do not report charge off in repayment. However, if fully recovered would mark paid-in-full. We do not report our credit cards as they are reported by the credit card company. Otherwise, our system includes all files unless a particular file is manually designated as do not report. In some instances, it is necessary to turn off reporting for justifiable cause.
- ❖ Installment loan and RE mortgage customers only
- ❖ Only consumer and RE loans – not ag or commercial
- ❖ Our system is set up to furnish both negative & positive information on all consumer accounts.
- ❖ Via a disk on a monthly basis.
- ❖ Consumers only; not commercial

NO

- ❖ We furnish information on consumer loans only – no business/commercial loans\
- ❖ Do not report commercial loan accounts
- ❖ ODP Fresh Start Loans are not reported and commercial loans are not reported
- ❖ Do not report on commercial loans

- ❖ Consumer only
- ❖ No commercial accounts are reported
- ❖ Commercial loans, PC securities, agricultural, real estate are not reported
- ❖ Consumer only

Briefly outline to which credit bureaus the bank furnishes data.

- ❖ Equifax, Experian, Trans Union, Innovis
- ❖ Equifax, Experian, Trans Union
- ❖ Trans Union
- ❖ Experian and Trans Union
- ❖ Experian only at this time.
- ❖ Experian and Equifax
- ❖ Trans Union, TRW, Equifax
- ❖ Equifax
- ❖ Trans Union
- ❖ All Three
- ❖ Equifax, Experian, and Trans Union
- ❖ CSC – Equifax, Trans Union, Experian
- ❖ Equifax (through CSC Credit Services)
- ❖ Trans Union, Experian
- ❖ Equifax, Experian, Trans Union

If information is not reported, why not?

- ❖ We are considering reporting now that we have the DP capacity to do so
- ❖ As stated before. Only in justifiable circumstances on consumers. Commercial not at all.
- ❖ Upload file to Equifax
- ❖ Trans Union, TRW, Equifax
- ❖ Either in dispute or a pending accident and health claim
- ❖ There are other ways to get commercial data, such as Dunn & Bradstreet
- ❖ Bank decision

2. Please briefly describe the steps that the bank currently takes to ensure that the data it furnishes to a credit bureau is both accurate and complete.

- ❖ We have tested files on standard intervals for accuracy.
- ❖ Rely on FDR to report data correctly. If a credit report dispute is ever received, it is corrected and resubmitted within a few days
- ❖ Done by our data processor
- ❖ Bank makes every effort to post payments same day. Changes to an account are looked at by someone else to ensure accuracy
- ❖ Our core system generates a report that is reviewed.

- ❖ Information furnished is not verified as it is automatically reported by magazine tape
- ❖ Information is kept accurate and up to date on our loan software then downloaded to the credit bureau. Our loan software is the complete record of all transactions etc about the customer's loan
- ❖ Periodic reviews of what types of loans are being reported. Loan maintenance changes are dually verified
- ❖ Continuous monitoring of new and paid accounts, payments, late charges and past due accounts
- ❖ Data is taken directly from the system, to be sent to the CBs.
- ❖ The information given by the credit bureau is compared to customer information the Bank has on computer.
- ❖ The data is pulled directly from the core system
- ❖ Extract loan to data from bank's core system – annually audit by FDIC and/or Kansas Banking Department, any bank's external auditor. Internally, review data for completeness/accuracy at account loading/changes
- ❖ Information is automatically referred to the CB's. The fields of information must all be completed for the file to be reported. Typically, the fields are computer generated
- ❖ Service bureau audits output

3. How frequently, if ever, does a credit bureau notify the bank that information furnished by the bank is disputed?

- ❖ Approximately 15 a year. Majority of disputed are not legitimate disputes
- ❖ Receive around 2 per month
- ❖ This has happened to us once in the six years we've been open
- ❖ We have only been notified once by a credit bureau
- ❖ 15 per month on average
- ❖ Rarely
- ❖ 3-4 times per month
- ❖ On average 2 per week
- ❖ 6-7 a year
- ❖ At the most, one per year
- ❖ Infrequently
- ❖ Six to ten per month.
- ❖ Daily
- ❖ Whenever credit bureau receives consumer complaint
- ❖ 1 or 2 weekly (for all four branches)
- ❖ 3 or 4 times a year

4. Of all notices the bank receives that information in a credit report may be in error, what percentage come from:

- a. a credit bureau -
- b. consumers -
- c. other (e.g., credit repair company) –

- ❖ Credit bureau 98% ; consumers 2%
- ❖ Credit bureau - 75%; consumers 25%
- ❖ Credit bureau – only had one; consumers – have had 3 total
- ❖ Credit bureau – 99% (via a consumer dispute ver. Form) ; consumer – 1%
- ❖ Credit bureau –95%; consumer - 5%
- ❖ Credit bureau – 75%; consumer – 25%
- ❖ Credit bureau – 99%
- ❖ Credit bureau – 70%; consumer – 30%
- ❖ Credit bureau 100%
- ❖ Credit bureau – 95%; consumer - 5%
- ❖ Credit bureau – 95%; consumer - 5%
- ❖ Credit bureau – 50%; consumer - 5%
- ❖ Credit bureau – 99%; consumers - 1%
- ❖ Consumers 100%
- ❖ Credit bureau – 90%; consumers – 10%

5. Does the bank provide customers with information for how to contact the bank (a name, telephone number, etc.) in the event they have a dispute about information the bank provided to a credit bureau?

YES - 14

NO - 2

Why or why not?

YES

- ❖ We want our reporting to be as accurate as possible and we value our customers.
- ❖ We provide our name on the credit bureau for the customer to contact us
- ❖ So we can correct errors
- ❖ When requested
- ❖ To help the customer resolve the dispute
- ❖ Good practice to do so
- ❖ Good customer service.
- ❖ When denied, the Letter of Action Taken provides this information to the customer.
- ❖ When dispute is sent via E-Oscar our phone number is included
- ❖ All customers are provided with all bank information when they open their account or loan as well as correspondence if collecting becomes an issue
- ❖ We want to be sure we are fair to everyone

NO

- ❖ If they were to walk in or call – they would be directed to a customer service rep., information obtained and then investigated
- ❖ Our name, address and phone number is listed on the loan documentation

6. When the bank receives a customer complaint about information the bank furnished to a credit bureau, does the bank have to go back to the customer to get additional information to investigate the problem?

YES - 2

NO - 13

Please explain (e.g., what additional information is usually needed).

YES

- ❖ We usually need to see how it is reported to see if it is wrong
- ❖ Which credit bureau is showing the wrong information

NO

- ❖ Generally speaking disputes are resolved quickly. Most are not about timing of payments but rather responsibility of debt. (i.e. Divorce) If there were a justifiable reason we would contact customer but we have not experienced that kind of mistake. Often customers question the time required to receive mail for payments. We mark our mail received so that we can resolve disputes but those are generally dealt with before reporting due to late notices and other customer communication.
- ❖ We have on hand the information we have supplied
- ❖ Most all disputes handled are from the Credit Bureau.
- ❖ Only if a Social Security Number and identifying loan is missing
- ❖ Normally, all the information we need is furnished on the first contact with customer

7. What steps does the bank take if a customer complains about information that the bank furnished to a credit bureau?

- ❖ Review account history and files to determine if customer claim is legitimate. If not notify credit bureau. If so, correct data.
- ❖ Pull file on customer to research the complaint. If information is correct we send supporting documentation to the credit bureau and customer
- ❖ Investigated by an officer with a reply to complainant
- ❖ We verify the information and correct the problem if necessary
- ❖ Get written request from customer or obtain a CDU, investigate their claim for accuracy, and make changes as needed – or notify customer or CRA if we believe no changes are going to be made
- ❖ Research & Resolve
- ❖ A universal data form is completed and mailed to the credit bureau
- ❖ Request the file and dispute with the credit bureau
- ❖ Confirm if error was made complete a universal credit dispute form
- ❖ If such an occurrence takes place, the bank would immediately research the issue and, if necessary, correct the problem
- ❖ The complaint is researched thoroughly to determine if valid. If valid, correction is made.
- ❖ The Bank would investigate the problem. The Bank might fill out a Universal Data Form or tell the customer to dispute it with the Credit Bureau.

- ❖ The situation is investigated, documented and resolution is communicated to the customer
- ❖ Review loan file and complete response
- ❖ We research the complaint and verify the information against all of the bank's records. We pull files to verify all information.
- ❖ We go back and check the customer's payment history to be sure it is accurate. We then check with credit bureau to be sure it was reported correctly

8. If a customer complains about information in a credit report that the bank furnished, on average, how long does it take to investigate and resolve the complaint?

- ❖ The day of receipt, next day at latest.
- ❖ 1-2 days to investigate
- ❖ Less than 1 week in the one instance we've experienced this
- ❖ Less than a week
- ❖ 30 minutes
- ❖ Typically within an hour
- ❖ 30-45 days overall – bank time to investigate is 48 hours average
- ❖ Couple of days
- ❖ Within a couple of weeks
- ❖ This would be addressed immediately
- ❖ 2 – 3 business days
- ❖ 24 to 48 hours
- ❖ 3 days or less
- ❖ Same day we receive complaint
- ❖ One half hour per complaint
- ❖ 2 hours

9. Briefly describe the bank's procedures for reporting delinquencies, charge-offs or accounts placed for collection to a credit bureau (include when the information is generally reported).

- ❖ Delinquency reported with standard file. Charge-offs and collections require a status change at account level then are transmitted with standard file.
- ❖ All delinquencies charge officers and collection are reported immediately to the credit bureau
- ❖ As loans become delinquent, are charged off, or are placed for collection. This information is transmitted by our data processor to the CB on the next monthly data exchange
- ❖ A file is built monthly and sent to Equifax
- ❖ If C/O – Notation is made in the field for account status code changes, then all loan information is downloaded into a report and sent to the credit reporting agencies
- ❖ Information reported at month end
- ❖ Delinquencies are reported monthly by magnetic tape – charge offs and repossessions are reported manually by universal data form and faxes

- ❖ Report delinquencies monthly, charge offs quarterly, collection quarterly
- ❖ Our core system tags the loan as to the status and is reported to the bureau on a monthly basis
- ❖ Every 30 days
- ❖ Both positive & negative information is furnished on a monthly basis
- ❖ All included on the disk, which is provided monthly.
- ❖ A tape is run from the core system that is then sent to the credit bureau services via their Internet sites. This is reported once a month
- ❖ Report in Memo II format (upload Memo II format – an ASCII fixed format file with data on all loans)
- ❖ We report all consumer loans, cash reserves (revolving), charge offs and CD accounts. All balances are reported monthly. Accounts/loans generally are not charged off until they are seriously delinquent
- ❖ Automatically reported to the credit bureau by our service bureau in their monthly update

10. Briefly describe the bank's procedures for reporting that an account has been voluntarily closed to a credit bureau (include the timeline for reporting that information).

- ❖ File management is handled by loan officers of default management when necessary. Status of account is manually changed at account level and transmitted with standard file.
- ❖ Our system reports two updates to the 3 credit bureaus every month
- ❖ We don't do this
- ❖ This information is automatically built in the file we send
- ❖ Notation is made in the special comment code section for the credit bureaus
- ❖ At month end as well
- ❖ Early pay offs are reported monthly by magnetic tape
- ❖ Do not distinguish voluntarily/account closed report as zero balance account
- ❖ We change the status code to a 13 on open-end credit that is closed
- ❖ Every 30 days
- ❖ Included on the disk provided monthly
- ❖ This procedure is done by filing an AUD through E-Oscar
- ❖ Report in Memo II format (upload Memo II format – an ASCII fixed format file with data on all loans). An "account closed" reason is reported in loan reload
- ❖ Reporting is automated – frequency is monthly
- ❖ Part of our regular monthly update

11. Briefly describe the bank's procedures for investigating possible errors reported by a credit bureau.

- ❖ Account information is reviewed. Research completed where necessary, Account information is corrected, credit bureau form is completed and sent in for correction.
- ❖ All errors/disputes are corrected ASAP when found or notified by customer
- ❖ Assigned to a loan officer whose job it is to assemble the necessary facts to respond
- ❖ We see what was showing on the report and compare to our records

- ❖ Verify our computer history to the CDV and verify all information provided by credit bureau to our computer information
- ❖ Research account history, verify information reported and contact credit reporting agency
- ❖ A history (payment) of the account is ordered
- ❖ Upon receipt of dispute account information and history are reviewed and compared to dispute
- ❖ NOW – Confirm the error – if error, send a universal credit dispute form to correct. IN THE PAST – we directed the customer to send a disputed report to where the report was pulled and bureau then sent to us
- ❖ A form is sent to us by the credit bureau. Immediate action is taken to research the issue and a response is sent to the credit bureau
- ❖ The complaint is researched thoroughly to determine if valid. If valid, correction is made within 2 – 3 business days.
- ❖ Loan and documentation is investigated to see what caused the error. All errors are investigated and a resolution is determined
- ❖ Review alleged error, review loan file & prepare response
- ❖ Same procedures are followed for all disputes. All information is verified
- ❖ Basically, the same as #7 (We go back and check the customer's payment history to be sure it is accurate. We then check with credit bureau to be sure it was reported correctly). We go back to customer's file and loan history to verify if we reported correctly

12. Generally, does the bank receive sufficient information from the credit bureau to investigate the error?

YES – 15

NO

Please explain (including what additional information may be needed).

YES

- ❖ Sometimes better description of complaint is needed.
- ❖ Name, address, social security number, account number, status (as reported) and date of payment
- ❖ It's all on the dispute form
- ❖ However, it would be helpful if the Credit Bureaus would provide a list of the codes they use and their meanings, as each Credit Bureau uses different codes.
- ❖ Most of the time. Some times we need additional information, especially if it is an old paid out account

OTHER

Not enough experience on this. In our one occurrence we received enough

13. If the bank confirms the error, briefly describe the steps the bank takes (including the general timeline).

- ❖ Make changes as necessary to dispute form / account information and send back to credit bureau. Immediate
- ❖ The credit bureau dispute form is filled out with the correcting information. Supporting documentation is also sent with the dispute. If account still on the system, system is corrected as well
- ❖ This has never happened to us
- ❖ Send in a Universal Data Form correcting the error. Less than a week
- ❖ Bullseye report obtained noting needed changes; changes made to customers loan, this will ensure next time we report that information is accurate
- ❖ Complete error resolution form or letter explaining current status typically within 24 hours of request
- ❖ Complete our portion of dispute form and send back to credit bureau (30 days)
- ❖ Tell the credit bureau to correct the information within days of receipt
- ❖ We are currently with E-Oscar, the credit dispute 1st goes to the Sr. Loan Secretary. If not completed, the compliance officer receives a warning
- ❖ The credit bureau is notified with a description of the correct data in the response sheet
- ❖ The information is resubmitted to the Credit Bureau, as soon as the error has been confirmed
- ❖ Within 24 hours the dispute form is filled out and mailed back to the credit bureau.
- ❖ A response – A CDV is sent through E-Oscar with corrected information usually within 3 days
- ❖ Send correction same day of notice of error
- ❖ The new or corrected information is described on the dispute and it is mailed to the appropriate credit bureau within 3 days.
- ❖ We complete the necessary reporting form back to the credit bureau with 48 hours

14. If, after investigation, the bank confirms there was *no* error, briefly describe the steps that it takes (including the general timeline).

- ❖ Mark dispute form correct as reported. Immediate
- ❖ Send supporting documentation that there is no error to the credit bureau and the customer
- ❖ We respond to complainant with our facts and offer documentation. Has not been required.
- ❖ We respond to credit bureau or customer, which should take less than a week. Has never happened though
- ❖ On CDU – Note that we are reporting as verified
- ❖ Complete error resolution form or letter explaining current status typically within 24 hours of request.
- ❖ I confirm “no error” and report accordingly
- ❖ Tell the credit bureau to verify as reported within day of receipt
- ❖ Same as above. We simply check no change on credit dispute and may send attachments

- ❖ The credit bureau is notified with a description of the correct data in the response sheet, but giving the data and showing that no error occurred
- ❖ The customer is notified that no error was found. This is usually within 3 to 4 business days.
- ❖ Within 24 hours the dispute form is filled out and mailed back to the credit bureau.
- ❖ This information is transmitted through E-Oscar (ACDV) verifying the information is correct usually within 3 days
- ❖ Fill out complaint form with notation that information was correct as reported
- ❖ The dispute is returned to the credit bureau indicating that all information has been verified and reported correctly within 3 business days
- ❖ We complete the necessary reporting form back to the credit bureau with 48 hours

15. If applicable, briefly describe the bank's procedures to address instances when the formal investigation is concluded and the bank and the customer disagree with the findings.

- ❖ We complete dispute form and generally never hear back from customer. Often disputes arise out of divorce and customer thinks because court said debt is to be paid by ex-spouse they should not be reported on, however joint accounts require reporting regardless of family court ruling.
- ❖ Hasn't occurred so we have no set procedures
- ❖ Has never happened
- ❖ If we find that we are correct in our reporting according to our records and customer still disputes, we ask for actual receipts of payments
- ❖ Our error resolution officer (dispute) takes over
- ❖ Additional research is conducted in order to make sure the information being reported is accurate.
- ❖ If no resolution is come to, the final decision is made by Executive Management.
- ❖ Not aware of this occurring. If consumer files complaint with FDIC and/or State Banking Department, we respond in writing with appropriate exhibits.
- ❖ If the bank has verified that all of the information reported is correct, the dispute is concluded. There are some instances when the report is deleted from the credit bureaus if it is determined not to be the customer's fault (i.e. fraud victims)
- ❖ We advise the customer and credit bureau of the facts as documented in our loan files. If the customer disagrees they have the right to report their side of the story

16. Do you have any other comments on reporting information, investigating errors or other concerns involving the credit reporting process?

- ❖ We believe that we will be reporting by 12-31-04. We think the bank will communicate far better with the CR bureaus than they do with us. They are automated and make it very hard for a consumer to get anything done. Almost like trying to find out how to un-subscribe from a service on the provider's website.
- ❖ Often I find that it is very difficult to get credit bureau to correct information. Sometimes an account update takes months or never happens at all. Additionally, it was next to impossible to get the three repositories to correct simultaneously, now

they've added a fourth. I myself have dealt with this problem and find that once something was reported incorrectly it is next to impossible to get corrected. Even when the entity that made the error is trying to help and has provided you with all the necessary documentation.

- ❖ Correcting disputes is not completed in a timely manner. It takes far too long to correct. Should be a much quicker process!
- ❖ Get a copy of Memo II format/instructions and review other possible reporting formats
- ❖ I have never been unable to come to an agreeable term with a customer. We have the facts documented in our files. 95% of the time, we reported correctly. If there was an error, we correct it immediately. We have never had a real problem in this area, other than a c/m who gets a slow rating because the primary borrower paid slowly. We detail this to all c/m loans at closing, but they still don't understand until it happens.